

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE GOVERNOR OF HAWAII

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March 4, 2013

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Scott Halliday President National Medical Development, Inc. 5001 N.E. 25th Avenue, Suite 202 Seattle, WA 98105

Dear Mr. Halliday:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #12-29A from Hawaii PET Imaging, L.L.C. (the "applicant") for the expansion of its X-ray services to 1401 S. Beretania Street, Suite 107, Honolulu, Hawaii, at a capital cost of \$250,000 (the "Proposal").

- 1. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that the Proposal is eligible for administrative review as it meets one or more of the criteria in Subsection 11-186-99.1(b), HAR.
- 2. The applicant states that "HPI currently provides x-ray, dexa, ultrasound, Mammography, PET-CT, CT, and MRI services on Oahu at 1029 Kapahulu Avenue, Suite 500, Honolulu, Hawaii and at 500 Ala Moana Boulevard, Space 58, Honolulu, Hawaii. HPI is moving our Ala Moana offices housing PET, MRI and CT and seeks to add x-ray services to our new facility..."
- 3. The applicant states that "The addition of x-ray to our new office will assist in the reduction of the overall costs of healthcare to those patients seeing building and area physicians that would otherwise need to travel to receive basic x-ray. Patients are usually required to have basic x-ray tests in advance of MRI and PET-CT and CT services. Adding basic x-ray to our Facility means these patients can now have all of their needed tests done at one time and at one location, as opposed to increased transportation and other costs to locate and use other more distant, x-ray facilities, thereby increasing equitable access to those patients that have difficulty traveling."
- 4. The applicant states that "Seniors are especially vulnerable to escalating costs surrounding travel, the increasing complicated coordination of physician office visits, subsequent referrals and travel to diagnostic equipment for diagnosis, and return visits to physician offices for treatment. Having this most basic x-ray service available to them near where many of their physicians are located, will assist Seniors and all patients in avoiding the costly duplication of office visits, reduce important time between diagnosis and treatment prescription, thereby improving patients healthcare and assist in reducing or limiting these escalating and associated costs."

- 5. The applicant states that "...the elderly population of Honolulu is increasing rapidly while already in need of more immediately accessible, convenient, cost efficient, outpatient x-ray services that, like this addition to HAll will be, integrated with other services and their physicians (sic) offices."
- 6. The applicant states that "Having this most basic x-ray service available to them near where many of their physicians are located, will assist Seniors and all patients in avoiding the costly duplication of office visits, reduce important time between diagnosis and treatment prescription, thereby improving patients healthcare and assist in reducing or limiting these escalating and associated costs."
- 7. The applicant states that "Many elderly patients are not ambulatory and require extensive pre-scheduling and transportation coordination just to make an office appointment. It is a real negative impact on their care when they are forced to find these basic tests at other often distant or hard to access locations (e.g. having to go to a hospital ER department for x-ray is very time consuming, much more expensive, and often difficult for any patient let alone an elderly person) and often the test results are not as immediately available as they will be when located in this same building as physician practices."
- 8. The applicant states that "...the continued need to transport patients away from the convenience of the physicians' offices in the building, for these procedures, will negatively impact patient care and their costs, by delaying diagnosis, possible immediate treatments, and through the additional stress and costs that travel imposes on patients that are already in acute distress."
- 9. The applicant states that "The proposed x-ray services will be available to all on a non-discriminatory basis consistent with HPI's policy of imaging all patients with a physician's order without regard to ability to pay, including low income people, racial and ethnic minorities, women, people with disabilities, the elderly and other underserved."
- 10. The applicant states that "The facility will be accredited by the American College of Radiology and licensed by the State of Hawaii. The HPI Radiologists are certified by the American Board of Radiology and are licensed physicians in Hawaii."
- 11. The applicant states that "All current HPI technologists are certified by the American Registry of Radiologic Technologists, and licensed by the State of Hawaii. As HPI currently operates, the physicians and technologists are continually expected to meet or exceed all state and national registry requirements for continuing medical education ("CME")."

- 12. The applicant states that "The facility will operate in accordance with all applicable state and federal guidelines and the standards of the accrediting body, and will have the HPI policies and procedures to insure the quality and safety of patient care."
- 13. The applicant states that "By improving the area's primary care physicians' effectiveness in detecting and treating orthopedic and neurological, and primary care diagnosed health problems in a timely manner, the proposed facility will help patients avoid more costly treatment and nursing and home care that may be needed if these chronic health problems are allowed to go untreated."
- 14. The applicant states that "Lease payments will be made from operating revenue and the proposal is financially feasible starting in year two of the proposal."
- 15. The applicant states that "The proposed radiology facility is in response to the requests of the Medical Office Building's physicians and offices for the "basic services need of x-ray" to assist them in their clinics and patients service in the building."
- 16. The applicant states that "Lease of the Facility and Equipment is on a net basis thru existing HPI lines of credit, and all staff will be HPI employed."
- 17. The applicant states that "Financial resources are readily available thru HPI existing Lines of Credit and reserves."
- 18. The applicant states that "We anticipate needing only one x-ray technician and one staff member, which will be identified, trained, and managed by HPI management."

Conclusions and Order

Pursuant to Title 11, Chapter 186, HAR, the Agency has determined that:

- (a) The Proposal is eligible for administrative review as it meets one or more of the criteria in HAR 11-186-99.1(b).
- (b) The applicant, Hawaii PET Imaging, L.L.C., has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in HAR 11-186-15.
- (c) There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Subsection 323D-43(b), HRS, the Agency finds that:

- 1. There is a public need for the Proposal.
- 2. The cost of the Proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

#12-29A, Administrative Review Decision March 4, 2013 Page 4

Accordingly, the State Health Planning and Development Agency hereby APPROVES the and ISSUES a Certificate of Need to Hawaii PET Imaging, L.L.C. for the Proposal described in Application #12-29A. The maximum capital expenditure allowed under this approval is \$250,000.

Please be advised that pursuant to Section 323D-47, HRS, any person may, for good cause shown, request in writing a public hearing for reconsideration of the Agency's decision within ten working days from the date of this decision. Accordingly, if no person makes such a timely request for reconsideration, this decision shall become final immediately after the deadline for making such a request has expired.

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Administrator